

# NBC, WBC TRADE PROPERTIES IN CLEVELAND, PHILADELPHIA

NBC pays Westinghouse \$3 million cash to boot in unprecedented swap transaction. Neither party gives reasons for the unusual deal, but for NBC Philadelphia is a better television market than Cleveland.

VIYING with the NARTB's 33d annual convention in Washington this week for the attention of the nation's broadcasters was the NBC-Westinghouse swap-plus-cash transaction involving Philadelphia and Cleveland, announced last Tuesday after intermittent negotiations.

The unprecedented deal gives Westinghouse the NBC-owned WNBK (TV) and WTAM-AM-FM Cleveland in exchange for the Westinghouse Philadelphia stations, WPTZ (TV) and KYW, plus \$3 million of NBC cash.

NBC and Westinghouse, upon FCC approval of the transaction, would become more firmly entrenched as associates in the basic structure of the network. There had been earlier reports of possible switches in affiliation by several Westinghouse outlets to CBS and also of a possible deal whereby NBC would have traded even-up its Cleveland properties for other Philadelphia outlets.

The FCC informally was notified of the transaction last Tuesday, prior to the public announcement. The announcement was made by NBC President Sylvester L. Weaver and Westinghouse Broadcasting Co. President Chris J. Witting, the latter and Joseph V. Heffernan, NBC financial vice president, having signed the actual agreement.

Since trades are involved, the only dollar figure used was the \$3 million cash which NBC pays Westinghouse. Westinghouse purchased WPTZ (TV) from Philco in May 1953 for \$8.5 million. It has spent about \$200,000 in bringing the ch. 3 outlet up to full power. Figuring the radio properties as even-up (both are 50 kw with WTAM a I-A clear and KYW a I-B) the differential as between the Philadelphia and Cleveland tv stations is \$3 million, which would place an evaluation on WNBK (TV) of \$5.5 million.

Last January, Westinghouse purchased WDTV (TV) (now KDKA-TV) Pittsburgh from DuMont for the record single station figure of \$9,750,000. The previous high had been the \$8.5 million paid by Westinghouse for WPTZ. WPTZ has a one-time class AA rate of \$2,500, while the WNBK class AA rate is \$1,300.

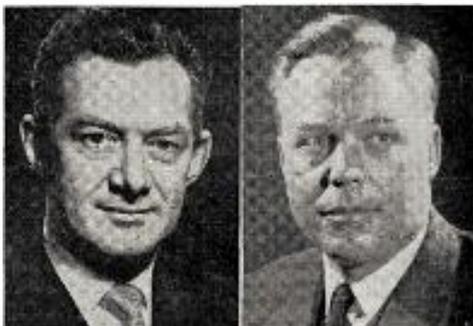
The KYW one-time class A rate is \$450 and the comparable WTAM class AA rate is \$520.

The Philadelphia television station in 1954 had a gross business of approximately \$5.5 million. KYW's gross income was approximately \$1 million. The Cleveland stations had 1954 grosses of approximately \$4.3 million for television and \$900,000 for radio.

While no announcement was made regarding reasons for the exchange, the major networks consistently have contended that they realize no profit from network operations *per se* and that their owned-and-operated stations are the bread winners. As a consequence, the major networks efforts have been to acquire owned-and-operated outlets in the top markets of the country, upgrading existing owned properties wherever possible.

Moreover, the Philadelphia area is of great importance to NBC's parent, RCA, because of its far-flung manufacturing operations in Lancaster, Pa., and Camden and Harrison, N. J., as well as the David Sarnoff Labs in Princeton, N. J.

The promotional value of operation in the area also would be of great importance, since



MR. WEAVER

MR. WITTING

Philadelphia is the headquarters for Philco, one of the important entities in electronics manufacturing and white goods and the founder and former owner of WPTZ.

By last Thursday questions were raised in both official and in broadcasting quarters about the "timing" of the deal in view of the "climate" in Congress and at the FCC. The FCC is about to embark upon an investigation of network-affiliate relations under special mandate from

Congress, being virtually assured of an appropriation of \$80,000 earmarked for that purpose.

Both the Senate and the House Commerce committees, headed by Sen. Warren G. Magnuson (D-Wash.) and Rep. Percy Priest (D-Tenn.) have announced plans for studies of the overall broadcasting regulatory and network structures, with the Senate committee having engaged special majority and minority counsel for this purpose.

Westinghouse now is awaiting final FCC decision on its application for ch. 8 in Portland, Ore., which would give it its fifth vhf station as a companion to its KEX there. There is no assurance, however, that Westinghouse will be the successful applicant among the four applying for the facility.

NBC, with its full quota of vhfs, under the former multiple ownership regulation knocked out recently by the Court of Appeals, is awaiting FCC action on applications to acquire by purchase two uhf outlets—WKNB (TV) New Britain, Conn., and WBUF-TV Buffalo. The FCC has already issued a McFarland letter in the case of the New Britain transfer. In this case, the FCC made one of the issues the question of possible overlap between that station and the NBC-owned WRCA-TV New York (ch. 4), specifying grade B coverage extending roughly 200 miles. NBC, however, views this issue as a "technicality" because of the requirements under FCC regulations for automatic hearing in economic protest cases [Sec. 309 (c)].

Upon FCC approval of the Philadelphia-

## Westinghouse: Big Dealer

WESTINGHOUSE has been a principal in the four biggest single station transactions in history.

Last December it bought WDTV (TV) Pittsburgh, now KDKA-TV, from DuMont for \$9,750,000.

In July 1954 it bought KPIX (TV) San Francisco from Wesley I. Dumm and associates for \$6 million in cash and Westinghouse stock. By the time of FCC approval, the stock had risen in value so that the FCC described the total sale as a \$7.5 million package.

In May 1953 Westinghouse bought WPTZ (TV) from Philco for \$8.5 million.

Its swap of WPTZ for NBC's WNBK (TV) last week represented a rock-bottom figure of \$8.5 million, although only \$3 million in money changed hands.

Here are some other sales figures of the past six years:

July 1949: KRSC-TV Seattle (now KING-TV), sold by P. K. Leberman to Mrs. A. Scott Bullitt and associates for \$375,000.

July 1950: WOIC (TV) Washington (now WTOP-TV), sold by Bamberger Broadcasting Co. to WTOP Inc. (then 55% owned by *Washington Post* and 45% owned by CBS) for \$1.4 million.

December 1950: KTSL (TV) Los Angeles (now KNXT [TV]), sold by Thomas S. Lee Enterprise Inc. (General Tire & Rubber Co.) to CBS for \$3.6 million.

August 1951: KFI-TV Los Angeles (now KHJ-TV), sold by Earle C. Anthony Inc. to General Teleradio Inc. for \$2.5 million.

September 1951: WOW-TV Omaha, sold by Francis B. Matthews and associates to Meredith Publishing Co. for \$2.5 million (with WOW).

January 1952: WOR-TV New York, sold

by Bamberger Broadcasting Co. to General Teleradio Inc. for \$4.5 million, plus \$315,000 annual lease and 10% interest in purchasing company, by R. H. Macy Co., majority stockholder of Bamberger (including WOR-AM-FM).

February 1953: WBKB (TV) Chicago (now WBBM-TV), sold by Balaban & Katz Inc. (now part of American Broadcasting-Paramount Theatres Inc.) to CBS for \$6 million.

May 1953: WPTZ (TV) Philadelphia, sold by Philco Corp. to Westinghouse Broadcasting Co. for \$8.5 million.

June 1954: KLZ-TV Denver, sold by Aladdin Radio & Television Inc. to Time Inc. for \$3.5 million (including KLZ-AM-FM).

November 1954: WCCO-TV Minneapolis, 47% interest sold by CBS to Cowles Publishing Co. for \$3.9 million (with WCCO).

December 1954: WTOP-TV Washington, 45% interest sold by CBS to 55% owners *Washington Post & Times Herald* for \$3.5 million.

January 1955: WDEL-TV Wilmington, Del., sold by Steinmans to Paul F. Herron (WIBG Philadelphia) for \$3.7 million.

WTCN-TV Minneapolis, sold by Robert Butler and associates to Consolidated Tv & Radio Bcstrs. Inc. (Bitner) for \$1.9 million.

WMIN-TV St. Paul, sold by N. L. Bentson and associates to Consolidated Tv & Radio Bcstrs. Inc. (Bitner) for \$1.23 million.

WTVW (TV) Milwaukee sold by Milwaukee Telecasters Inc. to Hearst Corp. for \$2 million.

March 1955: WNBC-TV Binghamton, N. Y., sold by Clark Associates Inc. to Triangle Publications Inc. (WFIL Philadelphia) for \$3 million (with WNBC).